

# Q1 2015



## City of Dublin Sales Tax *Update*

*Second Quarter Receipts for First Quarter Sales (January - March 2015)*

### Dublin In Brief

Receipts for Dublin's January through March sales were flat compared to the same quarter one year ago. Actual sales activity was up 9.5% when reporting aberrations were factored out.

Multi-quarter adjustments that inflated year-ago returns accounted for the drop in building and construction. Once adjusted for these onetime events, this group rose 13.9% which surpassed regional trends. Lower fuel prices depressed results in service stations.

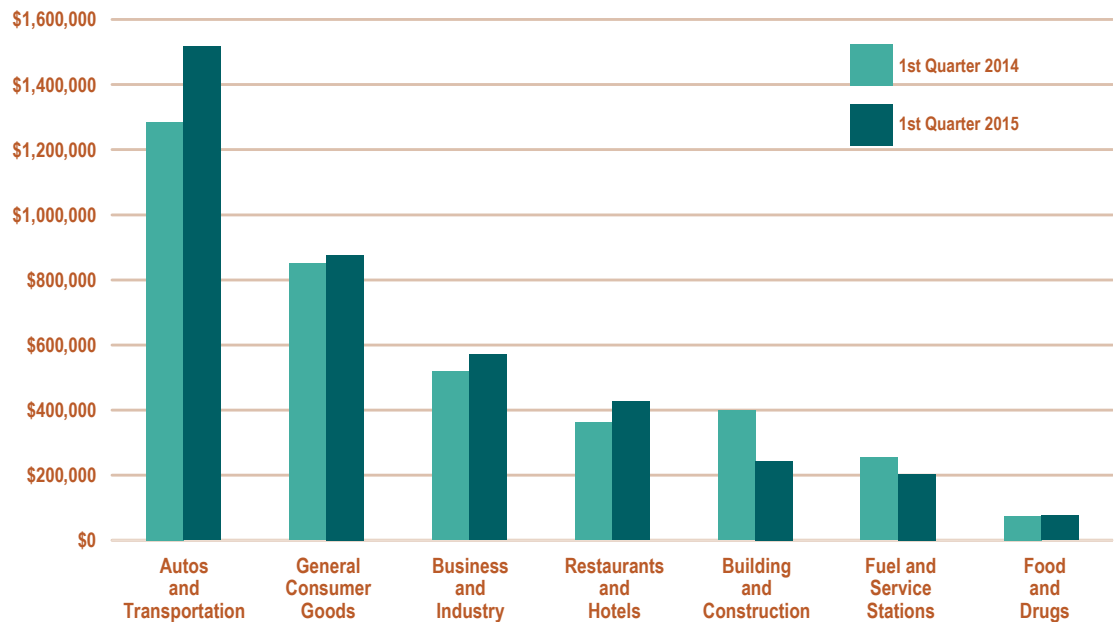
The decline in the countywide use tax allocation pool due to a retro-active deduction also suppressed gross receipts on a cash basis.

Nonetheless, new auto sales and leasing were up while business to business revenues increased by double digits. Sales activity increased in several general retail categories including family apparel and home furnishings while recent openings boosted sporting goods and specialty stores.

New eateries were a major factor in the gain in restaurants and hotels.

Adjusted for aberrations, taxable sales for all of Alameda County increased 4.5% over the comparable time period, while the Bay Area as a whole was up 4.6%.

### SALES TAX BY MAJOR BUSINESS GROUP



### TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alameda County Auction	Dublin Volkswagen
Alcosta Shell	Epicor Software
Bed Bath & Beyond	Graybar Electric
Best Buy	HD Supply
Carl Zeiss Ophthalmic Systems	Lazy Dog Restaurant
Dublin Buick/Cadillac/Chevrolet/GMC/Kia	Lowes
Dublin Honda	Safeway
Dublin Hyundai	Safeway Gas
Dublin Mazda	Shell Service
Dublin Nissan	Sky River RV
Dublin Toyota	Stoneridge Chrysler/Jeep/Dodge
	Target
	TJ Maxx
	Toys R Us

### REVENUE COMPARISON

Three Quarters – Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$11,819,007	\$12,391,257
County Pool	1,958,259	1,751,297
State Pool	8,176	7,876
Gross Receipts	\$13,785,442	\$14,150,430
Less Triple Flip*	\$(3,446,361)	\$(3,537,608)

*\*Reimbursed from county compensation fund*

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### California as a Whole

Local one cent tax receipts from sales occurring January through March rose 3.65% over 2014's comparable quarter after adjusting for reporting anomalies.

An exceptionally strong quarter for auto sales/leases and restaurants was the primary contributor to the overall increase. A rise in building-construction materials was also a factor although much of this growth came from specific office and sports facility projects in Northern California.

Gains from sales of general consumer goods were primarily in value priced clothing, home furnishings and specialty retail which includes pet supplies and cosmetics. Online shopping involving goods shipped from out of state continues to shift a major portion of the growth in general consumer goods to the countywide pools.

The statewide gains were largely offset by a 21% decline in receipts from fuel and service stations.

### Tax on Services

The Board of Equalization has released an estimate that levying sales and use tax on services would raise over \$122.5 billion in state and local revenues or enough to lower the overall tax rate to under 4%.

Originally imposed in 1933 as a 2 ½% tax with only three exemptions, the legislature has gradually exempted more and more goods from the sales tax while raising rates to compensate for the corresponding revenue loss. This and the state's shift from a manufacturing to service economy has created the nation's highest sales tax rate on the narrowest basket of goods.

Although more discussion is needed, there is interest in expanding the sales tax to services and lowering the rate to make the tax less regressive and

more competitive while providing greater flexibility in the development of local tax bases.

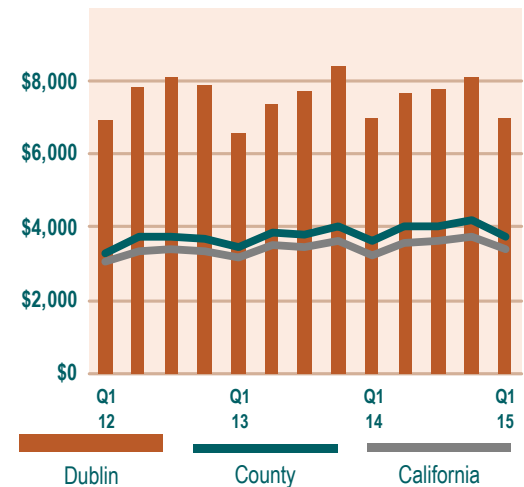
### Tax on Jet Fuel

The Federal Aviation Administration has ruled that sales taxes on jet fuel must only be used for airport and aviation programs. The rule applies to taxes levied after 1987 but is unclear as to transactions tax districts, Proposition 172 revenues, or revenues collected by jurisdictions without airports. Clarification will not be available until FAA review and approval of a plan that has to be submitted by the state Department of Finance by December 8, 2015.

### Tax on Marijuana

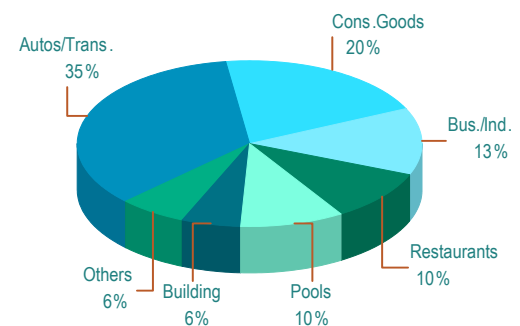
A pilot study for more effective tracking and collection of sales taxes on medical cannabis is underway in the central and northern California districts. Because current registration policy allows a "decline to state" to avoid self-incrimination, the precise number of cannabis retailers is unknown. BOE findings are expected by November 2015.

## SALES PER CAPITA



## REVENUE BY BUSINESS GROUP

Dublin This Quarter



## DUBLIN TOP 15 BUSINESS TYPES

<i>*In thousands</i>	Dublin		County	HdL State
Business Type	Q1 '15*	Change	Change	Change
Auto Lease	66.4	41.6%	30.6%	21.5%
Casual Dining	246.9	20.1%	10.8%	5.2%
Discount Dept Stores	— CONFIDENTIAL —		5.0%	4.2%
Electrical Equipment	— CONFIDENTIAL —		19.7%	-1.3%
Electronics/Appliance Stores	134.9	-6.4%	6.6%	-0.9%
Family Apparel	112.7	6.5%	8.4%	9.8%
Fast-Casual Restaurants	86.5	4.4%	14.8%	11.8%
Home Furnishings	121.0	6.9%	15.7%	8.3%
Lumber/Building Materials	— CONFIDENTIAL —		3.2%	-3.0%
New Motor Vehicle Dealers	1,243.2	14.7%	12.9%	11.1%
Office Supplies/Furniture	— CONFIDENTIAL —		45.9%	0.8%
Quick-Service Restaurants	71.5	25.1%	12.2%	10.8%
Service Stations	202.7	-20.4%	-24.7%	-21.9%
Specialty Stores	130.7	7.4%	9.7%	10.1%
Sporting Goods/Bike Stores	99.0	7.5%	28.6%	6.9%
Total All Accounts	\$3,914.5	4.5%	5.2%	3.6%
County & State Pool Allocation	\$420.2	-28.4%	-28.0%	1.1%
Gross Receipts	\$4,334.7	0.1%	0.7%	3.3%